

Message Text

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PAGE 01 CAIRO 01042 291236Z

53

ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 IGA-01 SS-15 SP-02 L-02 H-01

NSC-05 CIAE-00 INR-07 NSAE-00 RSC-01 EB-07 PRS-01

SAM-01 TRSE-00 OMB-01 CIEP-01 /060 W

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R 291144Z JAN 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1746

C O N F I D E N T I A L CAIRO 1042

DEPT PASS AID

EO 11652: GDS

TAGS: EGEN

SUBJECT: 1975 EGYPTIAN CIP AGREEMENT

REF: STATE (AIDAC) 19718

1. REFTTEL INDICATES 1975 ISRAEL CIP AGREEMENT SIGNED TODAY AND THAT PRESS RELEASE ISSUED BY DEPT. I UNDERSTAND THIS PROGRAM IS ON GRANT RATHER THAN LOAN BASIS. EGYPTIANS ARE BOUND TO LEARN DETAILS AND EXPECT SIMILAR TREATMENT.

2. SINCE I FURTHER UNDERSTAND THAT ISRAEL CIP PROGRAM RESULTS FROM CONGRESSIONAL ACTION TO BRING LEVEL OF ECONOMIC ASSISTANCE FOR ISRAEL UP TO THAT INCLUDED FOR EGYPT IN DEPT'S FY 75/ SUBMISSION, USING ARGUMENT OF EQUAL TREATMENT AND COMPARABILITY, IT SEEMS TO ME EGYPTIANS HAVE A CASE THAT THE \$80 MILLION CIP ALLOCATION BE GRANT BASIS. I RECOGNIZE THERE IS LEGISLATIVE HISTORY OF DEPT TESTIMONY THAT IT WOULD BE ON LOAN BASIS. HOWEVER, IN VIEW CHANGED CIRCUMSTANCES ARISING FROM GRANT ISRAELI PROGRAM, I BELIEVE WE SHOULD GO TO CONGRESS AND ASK THAT EGYPTIANS BE TREATED SAME WAY. FAILURE TO DO SO WILL BE BADLY RECEIVED HERE.

3. IN DISCUSSING WITH PRIMIN HEGAZI YESTERDAY WHETHER
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PAGE 02 CAIRO 01042 291236Z

SECRETARY SHOULD SIGN CIP AGREEMENT, PRIMIN SAID

HIS INSTINCTS WERE AGAINST THIS. THE SECRETARY WILL BE
COMING ON A POLITICAL MISSION AND SIGNING AN ECONOMIC AGREE-
MENT WILL, IN HIS OPINION, BE VIEWED LOCALLY AS AN EFFORT
DIVERT ATTENTION FROM OVERRIDING POLITICAL ISSUES WHICH MUST
BE FACED. IF WE ARE NOT ABLE TO GET COMPARABLE TREATMENT
FOR EYGPT TO THAT GIVEN TO ISRAEL, THIS IS AN ADDITIONAL REASON
WHY THE SECRETARY SHOULD NOT SIGN AGREEMENT. HE WILL MOST
CERTAINLY INCUR PUBLIC AND OTHER CRITICISM FOR DISPARITY OF
TREATMENT GIVEN TO EGYPT AND ISRAEL.
EILTS

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Margaret P. Grafeld
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